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SUBJECT: SLOVENE PM VOICES CONCERN ABOUT KOSOVO DURING COM
FAREWELL CALL

REF: A. SECSTATE 114783

1B. LJUBLJANA 00526
1C. LJUBLJANA 00540

Classified By: CDA MCOLEMAN; REASON 1.4 (B)

Summary

11. (S) During COM's farewell call with Prime Minister Janez Jansa August 17, Jansa expressed concern that we have missed the best opportunity to resolve the Kosovo issue and warned that a solution is needed soon to prevent violence. He called the U.S. the "main hope," and blamed some European players for doing nothing to help. On the nearly \$1 billion proposed Harrah's entertainment project in Slovenia, Jansa said this investment is important for the country and that September will be a critical month in building parliamentary support for legislative changes necessary for the deal to go forward. On other subjects, the PM worried about the situation in Afghanistan and promised that Slovenia will act to reduce caveats on its military there; he welcomed the visit of a U.S. expert group to witness a test of Slovene MANPADS (Ref A); and he reported that the Government and opposition are in agreement that some kind of outside mediation is needed to resolve the Croatia-Slovenia border issue. COM urged the PM to do whatever possible to speed the completion of property denationalization, particularly that which is affecting elderly American citizens, and address the Jewish community's claims for heirless property in Slovenia.
End Summary.

Kosovo Needs a Solution Soon

12. (C) COM paid a farewell call on PM Jansa on August 17. The PM's foreign policy advisor, Andrej Rahten, and DCM were also present. COM described his recent visit to Kosovo during which he had met with the Slovenian 10th Battalion deployed around Pec (Ref B). He praised the Slovenian soldiers' excellent relations with both the Kosovo Albanian and Serb communities and their contributions to peace and stability in the region. Characterizing the Slovenian military contingent as a "dream team," COM pointed out that the Battalion's 42 officers have a combined total of 36 years of U.S. military training and that their performance in Kosovo not only shows that they are getting the training they need, but that they are putting it to good use.

¶ 13. (C) Jansa agreed with COM's assessment and remarked that he too would love to visit his troops in Kosovo but that the situation is very complicated and that he could not visit Kosovo without also visiting Serbia. He voiced concern about developments in Kosovo, saying that he feared we have missed the best opportunity to solve the problem (though he admitted that the absolute best time to have done this was right after the 1999 war.) The PM stressed that no one authority controls the situation in Kosovo and therefore a solution must be found quickly to prevent conflict from breaking out. He stated that Russia is exploiting the issue much more than was expected but that there are limits to such a policy. The U.S., he said, is the "main hope," as some European players are "behaving like European players in the last century -- waiting and doing nothing."

¶ 14. (C) Jansa acknowledged that Kosovo is going to be a big issue during Slovenia's upcoming EU Presidency. He said the Slovenian Government is not afraid of the problem, but that Kosovo could become such a dominant issue that it would hinder progress on other important regional issues. He remarked that the statement by the EU's Troika representative, Wolfgang Ischinger, that partition of Kosovo could be on the table if the two parties agreed was "stupid," as the Albanians will never agree to partition. He underscored that the Serbians have to get this problem from the past behind them and the Kosovars have to learn how to take care of themselves. COM assured Jansa that the U.S. will stand with Slovenia on this issue during its Presidency. He noted that because of Slovenia's own fight for freedom and its deep knowledge of the region, it was particularly good that Slovenia was taking over the EU Chair at this time.

Crucial to Build Support for Harrah's Entertainment Project in September

¶ 15. (C) COM expressed appreciation for the PM's leadership in promoting the nearly \$1 billion proposed investment by Harrah's Entertainment in a huge casino/entertainment center in Western Slovenia. Jansa responded that the investment is very important for Slovenia and stated that a lot of work has already been done to make the deal a reality. He worried, however, that Harrah's Slovenian partner, HIT, had conducted a very poor public relations effort and had lost a month of precious time in building support for the project. He noted that this is a risk factor since the matter will come up in Parliament in the fall and it will require a majority vote to change the gaming law to enable the project to go forward. Jansa pointed to the existence of a "dangerous lobby" of existing casino owners who are fearful of Harrah's. He described them as operating crude gambling operations and noted the irony that no one stood up to oppose them when they launched their businesses.

¶ 16. (C) COM mentioned that a Harrah's representative will return to Slovenia in September and will be in contact with all the key players, including the Economic Ministry and local officials. He also suggested that the representative should meet with Catholic Church officials, who have expressed reservations about the project. Jansa supported this approach, and revealed that he had personally worked to convince the Catholic Church not to issue a statement opposing the deal, but that recently a local bishop had criticized the project publicly. He speculated that some critical statements by civil society groups are actually engineered by business interests opposed to Harrah's entry into Slovenia. The PM asserted that the Government is prepared to provide a greater share of the tax revenue from the Harrah's-HIT entertainment center to local governments in the region. He hoped that this final "carrot" would help build crucial support that would result in a Parliamentary majority for the project.

¶ 7. (C) COM asked about the Government's deliberations earlier that day with Parliamentary party groups on the border issues with Croatia. The PM reported that a large majority of the coalition and opposition parties agree that any negotiation with Croatia must deal with all outstanding land and sea border issues. They also agree that some kind of outside mediation will be necessary to find a solution and that the Government's recent proposals for arbitration were right on target. The PM said that the ball is now in Croatia's court, though he expressed doubt that the electoral clock (upcoming elections in both countries) will enable a resolution any time soon, and probably not before Croatia enters the EU. Slovenia, he said, is flexible on the arbiter as long as all the outstanding border issues are on the table.

GOS Will Take Action to Reduce Caveats
for Troops in Afghanistan

¶ 8. (C) COM noted the recent departure of a replacement rotation of Slovene soldiers to Afghanistan (Ref C) and asked about the status of caveats. Jansa replied that there are still some among the General Staff who are opposed to changes, but that Slovenia had promised to address the caveats issue after the Riga Summit, and it has to follow through on its pledge. He noted that Slovene soldiers are supportive of a change: they have been trained and deployed and they want to be where the action is. The PM expressed concern about how things are going in Afghanistan. He remarked that this is a decisive time and the international community has to press hard.

Bilateral Issues: MANPADS and
property denationalization issues

¶ 9. (S) COM noted that the USG is still interested in Slovene MANPADS. The PM said that U.S. experts were welcome to visit Slovenia to witness a test firing of the MANPADS this fall.

COM also raised the issue of property denationalization and noted that a number of elderly American citizens are still waiting for resolution of their property claims which have been tied up in the Slovenian courts. Jansa acknowledged that the denationalization process was flawed and should have been handled better. COM urged Jansa to do what he could to promote final resolution of remaining cases. On Jewish claims for heirless properties in Slovenia, COM noted that there had recently been some progress between representatives of the GOS and the World Jewish Restitution Organization in plotting a way forward. But he warned Jansa about the political implications of not appearing to be forthcoming on this issue. The PM said he is well aware of this and reported that he met with the head of the Jewish community in Slovenia and asked him for a list of claimants, but that to date he has not received the requested information. The meeting concluded with a brief discussion about the need for close U.S.-Slovene consultations during Slovenia's EU Presidency and about the confirmation process for the next U.S. Ambassador to Slovenia. Jansa expressed enthusiastic appreciation for COM's activism, support for Slovenia and his widely admired use of the Slovene language during his tenure as U.S. Ambassador.